From: Gregg Galecki

To: Daron Haddock; Pam Grubaugh-Littig; Pete Hess; Susan White

Date: 2/10/04 11:02AM **Subject:** Dugout UPDES permit

FYI

Spoke with Mike Herkimer concerning Dugout's UPDES permit. He anticipates a new permit (General to Individual Minor) to be in place by March (April the latest).

The modifications will likely include a combination of the following: 1) if TDS is under 500 mg/l, no daily tonnage limit is required (based on Colorado Salinity Forum); 2) an allowance based on intercepted groundwater (i.e. the water being encountered in the old workings would naturally report to the creek via alluvium); 3) a higher daily tonnage limit (Mike anticipates something lower than the Soldier Creek 5-ton limit); 4) developing a 'Salt - credit' bank, which involves developing a program to eliminate total salts in the Colorado River basin; 5) if all else fails, claiming economic hardship - which involved opening CFC books and demonstrating no other economic option.

That's my understanding of the current situation.

Gregg